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TO WINSTON LORD FOR HENRY A. KISSINGER
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FROM: AL HAIG

TO: HENRY A. KISSINGER

AS YOU KNOW, AMBASSADOR JHA OBTAINED YOUR OVERFLIGHT CLEARANCES. HOWEVER, HE CALLED THIS MORNING WITH THE ANTICIPATED GUID PRO QUO STATING THAT YOU HAD ASSURED HIM PRIVATELY THAT THE DEBT RESCHEDULING MATTER WOULD HAVE BEEN RESOLVED SATISFACTORILY AND NOTING THAT HE HAD ADVISED THE PRIME MINISTER THROUGH A SPECIAL CHANNEL OF THIS. SUBSEQUENTLY, MAURY WILLIAMS HAS TOLD HIM THAT THE MATTER IS HELD UP IN THE WHITE HOUSE AND THAT FOR THIS REASON HE IS LOSING A GREAT DEAL OF FACE WITH THE PRIME MINISTER. HE SAID THAT IT IS VERY IMPORTANT THAT WE MOVE PROMPTLY TO BE SURE THAT YOUR EARLIER WORD TO HIM IS CONFIRMED. PLEASE ADVISE WHETHER I SHOULD TELL WILLIAMS TO PROCEED WITH RESCHEDULING OF THE \$29 MILLION.

PATOLIVEV IS STONEWALLING ON THE 4 PERCENT/710 FORMULA. PETERSON STATES THAT IT APPEARS THAT IT WILL NOT BE RESOLVED DESPITE DOBRYNIN'S ASSURANCES. I MENTIONED IT LIGHTLY TO DOBRYNIN IN DELIVERING THE DEFERRAL LETTER. HE INDICATED THAT HE WOULD LET ME KNOW. IF HE COMES BACK AND CONFIRMS SOVIET INTRANSIGENCE, PETE, WITH THE CONCURRENCE OF FLANIGAN AND SONNENFELDT, SUGGESTS A NEW APPROACH WHICH WOULD PROVIDE FOR 725 AND A SLIDING INTEREST RATE STARTING AT 4 PERCENT AND ENDING UP AT 2 PERCENT AND AVERAGING OUT AT ROUGHLY 2.8 PERCENT. THIS FORMULA WOULD PERMIT US INITIALLY TO GET A HIGH IMPACT VALUE FROM A 4 PERCENT RATE AND PERMIT THE SOVIETS ON THEIR SIDE TO SHOW THAT THEIR OUT-YEAR RATE WILL BE AT THE BRITISH LEVEL. IF DOBRYNIN COMES BACK AND REJECTS THE 4 PERCENT/710, I WOULD LIKE TO AUTHORIZE PETERSON TO GO WITH THE ABOVE ALTERNATIVE IN THE INTEREST OF GETTING THIS DAMNED THING SETTLED. PLEASE ADVISE.

WARM REGARDS.

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ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

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